

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -JANUARY 6, 2009- -7:30 P.M.

Mayor Johnson convened the Regular Meeting at 8:01 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore,
Matarrese, Tam and Mayor Johnson - 5.

Absent: None.

AGENDA CHANGES

(09-003) Mayor Johnson announced that the Public Hearing on the Community Development Block Grant [paragraph no. 09-017] would be continued to January 20; that the Resolutions of Appointment [paragraph nos. 09-006 and 09-006 A] would be addressed following the Proclamation [paragraph no. 09-005]; and the meeting would be recessed following the Resolutions of Appointment in order to hold the Community Improvement Commission meeting.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

(09-004) Mayor Johnson announced that the Community Action for Sustainable Alameda (CASA) would hold a meeting at the Alameda Free Library on January 14, 2009 from 6:30 p.m. until 8:30 p.m.

(09-005) Proclamation declaring January as National Blood Donor Month.

Mayor Johnson read and presented the proclamation to Lisa Eversol.

Ms. Eversol stated last year the community sponsored nine blood drives and collected approximately 900 units of blood which saved approximately 2,600 people; a blood drive will be conducted on Saturday at St. Barnabas Church; people can make appointments by calling (800) GIVE-BLOOD.

REGULAR AGENDA ITEM

(09-006) Resolution No. 14293, "Appointing Horst Breuer as a Member of the Economic Development Commission." Adopted; and

(09-006 A) Resolution No. 14294, "Appointing Justin Harrison as a Member of the Economic Development Commission.

Councilmember Matarrese moved adoption of the Resolutions.

Vice Mayor deHaan seconded the motion, which carried by unanimous

voice vote - 5.

Mr. Breuer thanked Council for the opportunity to serve; stated that he hopes his business background will bring a positive aspect to the Commission.

Mr. Harrison thanked the Council for its trust; stated that he is looking forward to serving the community.

Mayor Johnson thanked Mr. Breuer and Mr. Harrison for the willingness to serve; stated serving on the Commission during the current economic times will be interesting.

The City Clerk administered the Oaths of Office and presented Certificates of Appointment to Mr. Breuer and Mr. Harrison.

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Mayor Johnson called a recess at 8:07 p.m. and reconvened the Regular Meeting at 8:37 p.m.

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CONSENT CALENDAR

Mayor Johnson announced that the Noll & Tam Architects Contract [paragraph no. 09-009] and the Public Hearing on Tentative Parcel Map No. 9757 [paragraph no. 09-014] were removed from the Consent Calendar for discussion.

Councilmember Matarrese moved approval of the remainder of the Consent Calendar.

Councilmember Tam seconded the motion, which carried by unanimous voice vote - 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*09-007) Minutes of the Special Joint City Council and Alameda Public Financing Authority Meeting held on November 18, 2008; the Regular City Council Meeting held on December 2, 2008; and the Special Joint City Council, Alameda Reuse and Redevelopment Authority, and Community Improvement Commission Meetings held on December 16, 2008. Approved.

(*09-008) Ratified bills in the amount of 3,524,697.09.

(09-009) Recommendation to award a Contract in the amount of \$298,000, including contingencies, to Noll & Tam Architects for the design of the Neighborhood Library Improvement Program No. P.W. 08-08-21.

The Public Works Director provided a handout and a brief presentation.

Mayor Johnson inquired what the grades on the handout represent.

The Public Works Director responded the grades are for the written proposals; stated the grades established the short list of the four proposers interviewed.

Councilmember Matarrese stated that he requested the item be pulled for discussion because the staff report did not include information on the other proposals; the explanation provided in the handout answered his questions.

Councilmember Tam stated that she has no relationship to the proposer; there is \$2.65 million in Measure O money; stated design, including contingency, is 11% of the total project cost; inquired whether the amount is within the range that should be spent on design, to which the Public Works Director responded in the affirmative.

Councilmember Tam moved approval of the staff recommendation.

Councilmember Matarrese seconded the motion.

Under discussion, Mayor Johnson requested that direction be given to watch the contingency closely and report any changes back to Council; the Council expects the project to come in within the amount proposed.

On the call for the question, the motion carried by unanimous voice vote - 5.

(*09-010) Recommendation to authorize the City Manager to Execute Agreements for the Preparation of an Environmental Impact Report for the Proposed Project at 2229 Clement Street. Accepted.

(*09-011) Recommendation to adopt the Legislative Program for 2009. Accepted.

(*09-012) Resolution No. 14295, "Setting the 2009 Regular City Council Meeting Dates." Adopted.

(*09-013) Resolution No. 14296, "Approving the Second Amended and Restated Northern California Power Agency Metered Subsystem Aggregator Agreement." Adopted.

(09-014) Public Hearing to consider Resolution No. 14297, "Approving Tentative Parcel Map No. 9757 for the Purpose of Establishing a Subdivision of Ownership to Condominium Form for Two Detached Single-Family Dwellings on One Site Located at 1531 Morton Street." Adopted.

The Planning Services Manager provided a brief presentation.

Councilmember Matarrese requested that the next steps be expedited; stated the project is novel for Alameda; the historic house is being restored; the new house has many green features; the combination of common ownership of the land and separate ownership of the houses provides increased property tax; there is urgency to have the houses sold.

Councilmember Matarrese moved adoption of the Resolution.

Councilmember Tam seconded the motion, which carried by unanimous voice vote - 5.

CITY MANAGER COMMUNICATIONS

(09-015) Discussion on financial policies and principles.

The City Manager provided a statement about the City's financial status; in response to a television advertisement, stated the City is not filing for bankruptcy.

The Interim Finance Director reviewed the City's financial status.

Mayor Johnson inquired how much money would be left in the General Fund after Planning and Building is removed.

The Interim Finance Director responded \$8.5 to \$8.7 million, not including the equipment reserve, which is the only reserve in the General Fund; suggested that a special meeting be scheduled on a Saturday for a full review and discussion of the policies and principles.

Mayor Johnson obtained the consensus of the Council regarding holding a Saturday meeting.

The Interim Finance Director provided an overview of the policies and principles.

David Howard, Save Our City Alameda, discussed the television advertisement that he wrote and produced.

Bill Smith, Alameda, discussed partnerships.

Mayor Johnson stated the City needs to build the management tools that the Council needs, such as financial analysts and people to analyze data, keep track of money and know how much things cost; right now, the City does not have the management tools to the extent needed; a policy should be included that states the City will maintain the ability to provide the management tools or analytical data to ensure policies are not developed and then the ball is dropped; further stated a plan is needed on how to create a surplus in order to fund reserves.

The Interim Finance Director stated staff would provide alternatives; depreciation is factored in as an expense in equipment replacement, which covers operations and creates a fund balance; the same thing has been done for Information Technology and needs to be done for all internal service funds; departments need to contribute proportionally to force starting savings.

Mayor Johnson stated the vehicle fund needs to be revisited; the policy might need to be changed due to the current economic situation; a policy should be established that workers compensation be funded; incurring debt for Other Post Employee Benefits (OPEB) could exceed the amount; her first choice would not be to take out debt, however, debt would force the discipline of paying for OPEB, which has not been done since 1989.

The Interim Finance Director stated detailed information includes circumstances under which funding OPEB through a debt might be more cost effective; the decision could be made to increase the debt policy because fully funding OPEB now would be more cost effective; a cost benefit analysis would need to be completed; the issue would be reviewed at the workshop.

Mayor Johnson stated a full cost recovery policy should be adopted; the full amount is not being recovered when police service is contracted.

The Interim Finance Director stated charging for use of the service should be a fully burdened rate; the calculations would be changed as soon as possible.

Mayor Johnson stated being able to identify costs by cost center is needed in order to provide the ability to manage.

Councilmember Matarrese inquired whether the policies would apply to Alameda Power & Telecom (AP&T).

The Interim Finance Director responded in the negative; stated AP&T and the Housing Authority have a different budget process.

Councilmember Matarrese stated both are departments of the City and the policies should be applied equally; a lot of the points in the detail need to be tempered; in some cases, open and good government does not allow for full cost recovery, such as appeals; the recommendation from the sustainability committee should be presented at the front end of the workshop or precede the workshop; more description is needed regarding a deferred maintenance fund; Council had discussions about the value of having cash versus the damage being done to the asset by deferring maintenance not making sense; that he does not understand why the City would save money when sidewalks and streets are crumbling to the point of replacement rather than repair; some reserves depend on doomsday scenarios; assets should not be sacrificed to save money for something that could happen.

Mayor Johnson stated money needs to be budgeted for building maintenance, which is not currently done; building maintenance is deferred and there is no money or reserve to pay for it; a disciplined system is needed with requirements to fund building maintenance.

Councilmember Matarrese stated putting together a pile of money and not doing any work to save the asset does not make sense.

Mayor Johnson stated similar to OPEB, a disciplined system is needed to require the City to pay money for building maintenance.

Councilmember Matarrese stated the item about delivering service in the most cost effective manner needs to be visited; the Library Contract approved tonight is an example of selecting the best fit for the City, rather than the most cost effective; a policy has purposely been established to hire people at prevailing wage rather than minimum wage.

Mayor Johnson stated expenditures need to be clearer; in the past, the City has chosen not to pay for things, such as OPEB; things that the City is obligated to pay for have to be counted in expenditures to ensure the City pays for its obligations in the budget.

Councilmember Gilmore stated there is always going to be a need for more money; there has to be discipline about what will be paid for; the Council also has to prioritize; rather than keeping money to satisfy a doomsday scenario, money should be spent on something like OPEB or resurfacing the streets before replacement is needed;

the Council has to decide the order of funding priorities as reserves are established; clear operating expense policies need to be established, such as using one time revenues for one time expenses and not for ongoing expenses; however, there may be times when cash flow is needed that it [using one time revenues for operations] is appropriate.

Vice Mayor deHaan stated the policies capture the discussion from the past four years; the policies are good fiscal management and will force information back so that Council can make the right decisions; many elements will have dollars and supporting data.

Councilmember Tam stated the City has benefited from extremely conservative fiscal policies and has low debt with high reserves; in terms of prioritizing, she would like to understand soft versus hard earmarks in the fund balance and have a risk assessment done; for example, the amount needed for workers compensation reserve should be determined; the City will have to use reserves to make up for CalPERS's 30% value drop; a risk assessment is needed for deferred maintenance to determine the amount that should be earmarked in a disciplined savings plan.

Councilmember Gilmore stated capital projects and OPEB alone could completely wipe out the fund balance; the City has chosen not to spend or encumber funds, however, the entire amount [fund balance] could be spent tomorrow on existing liabilities.

The Interim Finance Director stated funds with a balance might have come from something like the gas tax, which cannot be spent on operating expenses; the majority of the money is restricted; the General Fund is the only fund with flexibility.

Mayor Johnson inquired whether a policy could be drafted on mid-year budget reductions; stated how the current fiscal year budget was balanced is not understood; a list of bullet points were provided; specific numbers were requested.

The Interim Finance Director responded \$700,000 less in revenues is anticipated; the amount would be offset by a hiring freeze that creates a salary savings and holding off on contracts.

Mayor Johnson stated numbers need to be put on the items so that Council knows where the savings come from.

The Interim Finance Director stated the matter would be addressed February 3.

Mayor Johnson stated a higher level of financial data is needed.

Vice Mayor deHaan stated doing a two year budget becomes concerning during tough times; good estimates are needed while the City has to wait for reports to come from the County, etc.; everyday that goes by without action while waiting for the shoe to fall causes the City to always be behind; making it through the current year is not a good way to run a budget; the Fiscal Sustainability Committee is looking at ten years out and will provide a report on how to address obligations.

The Interim Finance Director stated the Saturday workshop would be scheduled as soon as possible.

(09-016) Recommendation to receive a report on Fire Department resource allocation.

The City Manager provided a brief presentation.

Mayor Johnson opened the public comment.

Speakers: Domenick Weaver, Alameda Firefighters (submitted letter); Dan Robertson, Oakland Firefighters Local 55; David Howard, Save Our City Alameda; Jeff DelBono, Local 689 Alameda City Firefighters; Rosemary McNally, Alameda; Bill Smith, Alameda.

There being no further speakers, Mayor Johnson closed the public comment.

The Interim Finance Director stated the world is not the same as it was when the Measure P process began in April and May of last year; on July 18, the Anderson School at UCLA indicated there would be no recession in the balance of 2008 and 2009; then, the bottom fell out of the market in August and the country had the blackest October since the depression; if the Anderson School of Economics could not have forecasted what occurred in the national and global economy, no one working at the City or designing Measure P calculations could have done any better; if the economy recovers in 36 months, the City will reap the rewards of the effort; the tax is a discretionary fund that the Council can allocate as desired; the City is not in bankruptcy mode; however, times are tough; the City hired an economic firm to look at the property transfer tax because it is a compounded revenue source that depends on the number of transactions, the value of the house, the time of the close of escrow and the ability to get financing; the revenues are not going to be as optimistic as estimated in April and May; the City needs to remain cautious and retain the reserve; further stated the Fire Department budget is in line with appropriations and are on projection; funding would require taking money from other

departments or the cash reserves; cash reserves should not be used because there are too many unknowns and using reserves would go against financial policies; the funding deficit will not go away until the City has more discretionary resources in the General Fund.

Mayor Johnson stated the current situation could continue for 36 months and how bad it could get is not known; that she does not believe that the City is okay for this year; questioned why staff says the City will be okay for this year just because a budget has been adopted.

The Interim Finance Director responded staff is saying the City will survive this year with what Council appropriated as long as the plan is followed and everyone is diligent about staying under budget; drastic cuts were already made.

The City Manager stated Mayor Johnson is pointing out that the issue is on going.

Mayor Johnson stated perhaps more money should be saved this year so that cuts next year would not need to be as big.

The Interim Finance Director stated that she does not see a way to save any more in the current budget; the budget is a very tight.

Mayor Johnson questioned why expenditures are not being dealt with more; stated revenues and expenditures do not really balance because the City is choosing not to pay some obligations, like OPEB and the workers compensation reserve.

The Interim Finance Director stated said items would be dealt with in Fiscal Year 2009-10; the last budget cycle was difficult and involved lay offs; staff is trying to survive this year and come up with a more comprehensive plan for next year; direction could be given to start making some changes now.

Vice Mayor deHaan stated there is no choice but to start addressing the issues now; finding out the budget is \$4 million short does not happen overnight, which has been done continually; the focus should be on making it through the next three to four years, rather than making it through this year; there is nothing on the horizon.

Councilmember Matarrese inquired whether one person was laid off in the last budget cycle, to which the City Manager responded there were a couple.

Councilmember Matarrese stated the City has not really gone through

lay offs and that is what is being faced; the report is about the current service level; requested a detailed description of preserving 95% of the current [Fire] service level; inquired what happens when a brown out occurs.

The Fire Chief stated a lot of data was analyzed; not all data could be obtained; two things affect service level: response time and getting the proper amount of resources to the incident; his statement that 95% of the current service level would be preserved is based on the two factors; the analysis for 2008 showed no impact on resources; there was not a fire incident where the City was not able to provide the necessary resources; there will not be a catastrophic shortage of resources when responding to fires; response time differs depending on apparatus; less than 5% of all calls will be impacted with a higher response time.

Councilmember Matarrese requested an explanation of not obtaining all data wanted for analysis.

The Fire Chief responded staff hoped to obtain data for more years and by station and company; enough data was obtained to do adequate analysis and back up the conclusions drawn.

Councilmember Matarrese inquired what scenario would involve an increased response time; stated the average response time is currently 4 minutes 30 seconds; inquired what would happen during a brown out when the City is in the 5% mode.

The Fire Chief stated that he would provide individual scenarios; for medical calls, the Fire Department responds with an engine and an ambulance; there are paramedics on the engine and ambulance; if an ambulance were browned out, the impact would occur when there are three or more concurrent ambulance calls; said scenario happened 241 times last year; based on the staffing pattern last year, an ambulance would only be browned out 15% of the time or 50 days, which translates to about 36 delayed ambulance calls.

Councilmember Matarrese inquired how long the delay would be.

The Fire Chief responded the delay would depend on the location of the call and the ambulance; the range would be anywhere from one minute to 10 to 12 minutes if relying on AMR; even if the ambulance would be delayed, the first responding unit would not be delayed.

Councilmember Matarrese inquired what would be the impact.

The Fire Chief responded the impact varies depending upon the medical condition; the matter has been discussed with doctors; for

cardiac patients, the engine needs to get there quickly with the defibrillator; transport is not as important because the patient can be treated at the scene; getting an ambulance there quickly might be more important for internal injuries; statistically, only 15 out of the 36 delayed calls would be critical incidents.

Councilmember Matarrese inquired what is the \$100,000 for training and contingency.

The Fire Chief stated \$30,000 is for paramedic training; \$20,000 is for a recruit academy; the other \$50,000 is to deal with major incidents and fire fighter call backs for fires; the overtime savings comes from lowering daily staffing of stations; some money is needed for call back for major incidents and other activities.

Vice Mayor deHaan inquired during what period of time did the \$413,000 State reimbursement accumulate, to which the Fire Chief responded the amount is for the current fiscal year.

Vice Mayor deHaan inquired what percentage of the overtime is used for mutual aid.

The Fire Chief responded the amount of time varies; stated the money should be fully recovered.

Vice Mayor deHaan stated mutual aid agreements are a substantial portion of overtime and cannot be neglected.

The Fire Chief stated a Statewide agreement requires the City to respond if able; the City uses resources from other communities, too.

Vice Mayor deHaan inquired whether the first response is an engine with a paramedic, to which the Fire Chief responded in the affirmative.

Vice Mayor deHaan inquired whether the City ever had four ambulances, to which the Fire Chief responded in the negative.

Councilmember Tam stated the total overtime allocation for the 2008-09 Fiscal Year was \$1.013 million; \$978,000 was used at the end of last year; to maintain the minimum staffing level of 27, 33 people are required to be available; inquired whether the overtime charges are primarily due to lack of staff from people out on injury, people on leave, or various combinations.

The Fire Chief responded it is a little bit of all; stated the general rule of thumb in most any industry is that employers have

25% over the amount of staff desired on duty to deal with vacancies due to vacations, sickness, training, and whatever takes an employee away from the job; the City staffs for 27 people; adding 25% would be six to seven additional positions, which is how the number was reached; what leads to overtime is anything that takes a person away from the workplace; in the City's case, it is primarily vacation and the usage of compensatory time that people have earned, secondly people on injury leave, and then sick leave; the City only has 31 people assigned to a shift on average, which means overtime is used if more than four people are off on any given day; there were a lot of vacancies last year; nine people were hired in the spring which cut the overtime in half; vacancies reduce salary spending and cause overtime to go up; hiring people causes salaries to go up, but lowers overtime.

Councilmember Tam stated standard procedure is to send an engine with a paramedic as the first responder; then, an ambulance is sent; inquired whether the full complement is sent for every case, such as an indigent, intoxicated person needing a ride to a medical facility.

The Fire Chief responded in the affirmative; stated the current Countywide practice set by the Medical Director requires that any type of medical call, regardless of priority or severity, requires an engine and ambulance.

Councilmember Tam inquired whether there is any flexibility.

The Fire Chief responded currently, there is no flexibility; there are discussions to try to create some flexibility; the Medical Director realizes the lowest priority of calls that might not be true emergencies do not need the same level of response.

Councilmember Gilmore inquired whether fire calls go to County dispatch, to which the Fire Chief responded in the affirmative.

Councilmember Gilmore inquired whether dispatch determines what needs to be sent out, to which the Fire Chief responded in the affirmative.

Councilmember Gilmore inquired whether 18 people are sent to a fire, to which the Fire Chief responded in the affirmative.

Councilmember Gilmore inquired what happens if all 18 people are not needed.

The Fire Chief provided a Power Point presentation outlining the response.

Councilmember Gilmore inquired how many times the Fire Department backed off of the full, initial response.

The Fire Chief responded there were 32 working structure fires and 28 gas leaks, which would have require the full response resources sent.

Mayor Johnson stated AMR provides backup; inquired what are the response time requirements for AMR.

The Fire Chief responded the time requirements are the same as the City's; the City's average response time is much better than the requirement; for ambulances, the City's average response time is 4 minutes and the County standard is 8 minutes.

Councilmember Matarrese stated that he is trying to balance the deficit of \$344,000 against the 5%; the Council's purview is deciding whether or not to sacrifice response time 5% of the time; that he does not have confidence that someone might not be injured severely; \$344,000 is a small amount against the General Fund; that he is not willing to take the risk; the City responds faster than Oakland, but Oakland does not have to cross a bridge to get to a trauma center; how the response is delivered is the purview of management; that he expects management to come up with creative ways to keep the critical level of service; cities are in place to keep the peace, which is the job of the Police Department, to keep people healthy and safe, which is the job of the Fire Department and sewer system, and to preserve infrastructure, which is Public Works' job; that he voted to take money from Golf in June because Golf is less important than maintaining fire response at the current level; services should be prioritized; services that are less important should be cut to make sure that the [response] range is met 100% of the time; the response time is an average; that he does not want to play odds for \$344,000; that he would like direction given to the City Manager to look for a way to bridge the \$344,000; at the same time, the City should look at how the service is provided, which is being done by an outside consultant; inquired when the report is due.

The City Manager responded the organizational review would be ready in late March or April.

The Fire Chief stated no city can ensure 100% safety for all citizens from a risk management point of view; the City achieves a very high standard of 90% currently; of the 15 critical incidents medical calls being discussed, on average half would be trauma cases.

Councilmember Matarrese stated that he does not think the seven calls are worth \$344,000.

Vice Mayor deHaan stated the City of Alameda response time is 4 minutes; inquired the County's time.

The Fire Chief responded the County standard is 8 minutes.

Vice Mayor deHaan inquired what the County's actual time is, to which the Fire Chief responded that he does not have said information.

Councilmember Tam stated a speaker addressed the City's obligations regarding an initiative; requested the City Attorney to provide an update.

The City Attorney stated the title and summary were prepared and e-mailed out today.

Councilmember Matarrese inquired when the City would start browning out an ambulance.

The City Manager responded the browning out of either an ambulance or rig, which is up to the Fire Chief, would begin at the end of the month in order to meet the budget.

Councilmember Matarrese stated that he would like the Council to establish the desired service level; he would like the issue to come to Council before the service level changes, so that Council can establish the service level and get alternatives to taking the service level down by 5%.

Mayor Johnson stated the issue would have to be placed on an agenda; resources can be discussed at the mid-year budget review in February.

Councilmember Gilmore inquired when various financial reports would be provided in response to previous Councilmember questions.

The Interim Finance Director responded the reports being prepared on the three revenue sources: property tax, property transfer tax and sales tax will be presented on February 3.

Councilmember Gilmore stated the reports would provide information on the City's revenue status and indicate whether or not there is wiggle room.

The Interim Finance Director stated the mid-year report would be in the same format as the year-end report; the actual revenue for each source would be extrapolated or projected out to provide a good estimate of fund balances; the information will indicate whether or not there is wiggle room.

Mayor Johnson inquired whether there is a possibility that the overtime in the Fire Department is increasing because of the normal course of business, such as retirements and injuries and that has been projected out for the remainder of the fiscal year.

The Interim Finance Director stated the overtime amount projected out under the two scenarios did not include projection of additional retirements or injuries.

Mayor Johnson stated nine firefighters were hired in the spring of 2008; inquired whether the City has the ability to hire additional firefighters this fiscal year if there are retirements.

The City Manager stated there is a hiring freeze.

Mayor Johnson inquired whether there is money to hire firefighters, but the hire freeze is preventing hiring.

The Interim Finance Director stated there might be a vacancy in deployment if someone is on leave, but the person is still paid.

The City Manager stated there are budgeted positions; in order to have 27 people on duty, some are filled through overtime.

Mayor Johnson inquired whether the budget covers the authorized positions.

The City Manager responded in the affirmative; requested the Fire Chief to address whether there are vacancies due to retirements.

The Fire Chief stated there are two vacancies due to retirements.

Mayor Johnson inquired whether all the positions are funded even if there are vacancies.

The City Manager stated using the Police Department for example, 99 positions are funded and five are vacant.

Mayor Johnson inquired whether the City has the money to hire officers since the positions are funded.

The City Manager stated positions are being left vacant in order to

meet the \$700,000 in decreased revenues.

Mayor Johnson stated the explanation provided is why she wants the Council to receive information on how the budget is being balanced; Council did not take action; the report did not include numbers.

The Fire Chief stated two funded positions in the Fire Department are vacant.

Councilmember Matarrese inquired whether money was included in the budget and is not being paid out in paychecks.

The Fire Chief responded in the affirmative; stated money might be spent in overtime.

Mayor Johnson inquired whether there is no money to hire staff because money is being used for overtime, to which the Fire Chief responded in the negative.

Mayor Johnson inquired whether there is money to hire two more if desired, to which the Fire Chief responded in the affirmative.

Councilmember Matarrese stated the salary budget has money allocated that is not being spent.

The Fire Chief stated money from overtime would be used if a person's absence causes staffing to fall below 27.

Councilmember Matarrese inquired whether the salary savings would be used to cover overtime.

The Fire Chief responded last year \$2.2 million was spent on overtime; stated \$2.2 million was not budgeted; vacancies created considerable salary savings, which offset the increase in overtime; the same could happen this year.

Mayor Johnson stated when money allocated for firefighters salaries is used to cover an overage in overtime, the issue needs to come to Council; the Council needs to be aware of the issue, even in an Off Agenda Report.

Councilmember Gilmore requested an explanation of whether hiring adds to the OPEB liability.

The Interim Finance Director stated the two vacancies could be filled; the calculations in the [staff report] tables do not figure in vacancies; vacancies would only affect the numbers if more overtime has to be hired, but the amount would be a push because

salaries would not be paid on the other side; not filling two vacancies and having to fill with overtime makes the overtime number increase.

Councilmember Matarrese inquired whether salary funds would be used to pay overtime.

The Interim Finance Director stated the overtime amount would rise and the salary amount would still be there; if the position is filled, the overtime number would remain the same; if the position is not filled, the overtime number would rise and cost more, but salaries would be less.

Councilmember Gilmore stated it balances out.

Vice Mayor deHaan stated the funding is still there and is just applied differently.

The Interim Finance Director stated regarding OPEB, filling the positions would create an immediate present liability of \$150,000 that is not budgeted this fiscal year.

Mayor Johnson stated the amount should be included in budgeting for positions in the future.

Vice Mayor deHaan inquired whether \$1 million was budgeted in overtime for the current fiscal year, to which the Fire Chief responded in the affirmative.

Vice Mayor deHaan stated last year the amount was \$2.2 million; inquired whether aspirations were to cut overtime in half.

The Fire Chief responded the amount of overtime was reduced in order to meet the necessary budget reductions.

Vice Mayor deHaan stated the projection was unreal; close to the total amount was spent in six months.

The Fire Chief stated staff knew the 27 person staffing level would not be able to be maintained for the year, which is why there was discussion back in June and Council was advised that brown outs would occur.

Vice Mayor deHaan inquired whether only half of the year was covered, to which the Fire Chief responded in the affirmative.

The City Manager stated the initial budget proposal assumed less in overtime and assumed staffing level would go from 27 to 24;

additional funds were identified through the budget process; staff knew that it [implementation of lowering staffing level] would be necessary at sometime halfway through the year; \$413,000 of the \$978,000 spent was expended for overtime related to mutual aid for wildfires and will be reimbursed by the State; the amount [\$413,000] was not anticipated and would be credited back; the balance of \$317,000 is expected to be available; the amount cannot be expended down to zero; an amount must be retained to keep the staffing level at 24.

Vice Mayor deHaan inquired whether the actual amount spent for overtime of the City's operation around \$550,000 if the \$413,000 is removed, to which the Fire Chief responded in the affirmative.

In response to Vice Mayor deHaan's inquiry regarding overtime last year, the City Manager stated there were nine vacancies last year; the overtime expenditure was high but salaries were less; now that staff is on board, the money is coming out of salaries; salary is being spent on additional personnel, rather than overtime.

Vice Mayor deHaan inquired what the overtime projection would be for the rest of the year if everything were left status quo.

The City Manager responded the amount is \$344,277, which is in Table 1 [of the staff report].

The Fire Chief stated that he would like to make one correction; there was an additional retirement on December 31, so there are now three vacancies in funded positions.

Mayor Johnson inquired whether there are plans to fill positions.

The Fire Chief responded hiring is contingent on the OPEB decision.

The City Manager stated the Police Department positions are also part of the analysis; staff is trying to address OPEB pre-funding; pre-funding will be required in future years; staff wanted to get through the revenue analysis; the hiring freeze was put into place to save money; the goal is not to take anything out of the reserve for the current fiscal year.

Mayor Johnson stated it needs to be more than a goal; the City does not have enough to start spending the reserves this year.

The City Manager stated not implementing the hiring freeze would impact the ability to keep from hitting the reserve; staff is trying its best to have expenditures equal to revenues.

Councilmember Gilmore stated one policy is that operating expenses and revenues should match; dipping into the reserve would be using one time money to cover on going expenses.

Mayor Johnson stated everyone is concerned next year will be worse.

Councilmember Gilmore stated the City does not know what the State is going to do.

Mayor Johnson stated taking money out of reserve to fund something for a short period of time will not help next year, which is the sustainability issue in the budget policies; the City has to live within its means.

Councilmember Gilmore stated the three revenue reports that will be presented in February are needed in order to have an informed discussion about the amount of money the City has to spend.

Mayor Johnson inquired whether staff is confident about the \$700,000 figure.

The Interim Finance Director responded the amount could be more, but probably not significantly more; staff is trying to do internal manipulations to prevent drastic cuts; positions are not being eliminated; things are not being unfunded; the budget is very tight and staff is working very hard not to use one dime out of the reserves this year knowing that the City faces a larger issue in the future; the dynamic for Fiscal Year 2009-10 changes if pre-funding OPEB has to be included in Police and Fire budgets.

Councilmember Gilmore inquired whether the City would be stuck with its operating costs and have to look to the fund balance if the State decides to do the triple flip and issues an I.O.U. to the City.

The Interim Finance Director responded in the affirmative; stated the fund balance would set the City into an equilibrium; service levels would be retained while waiting for cash to come from the State; cash poor cities would end up cutting drastically.

Councilmember Gilmore stated the fund balance has to be taken care of until the unknown from the State becomes known; the City does not have a say and just has to deal with the State's decision.

The Interim Finance Director stated the State punted the problem from last year to this year; resolution is not being reached this year; the State cannot make payroll, which is a cash flow issue, and is debting to meet payroll.

Councilmember Tam stated the City is not insulated from the State running out of money; the \$413,000 might not materialize.

The Interim Finance Director stated the City is assuming the amount will be received by close of books on June 30, but might have to float the cash; monies paid with an I.O.U. drain the City's cash today.

Vice Mayor deHaan stated the City was under the impression that it could bond against the I.O.U., which will no longer happen.

The Interim Finance Director stated some of the smaller revenue sources are being held and the State is not indicating when payment will be received.

Councilmember Tam stated the City of Hayward is eliminating days of operation; Oakland is furloughing; inquired what other cities are doing to maintain public safety.

The Interim Finance Director stated Hayward is requiring every employee, except frontline Police and Fire, to take a mandated 52 hours of unpaid leave; people could draw down on the time while the City closed for the holidays; the City Manager has requested her to run various scenarios.

The City Manager stated in Hayward, the amount would be taken out of paychecks over a six-month period and was a one-time effort to obtain savings in the current fiscal year.

Vice Mayor deHaan stated furloughs are being done at various levels throughout the State; the City might be in a situation and have to close City Hall down on a given day; there are a lot of options.

The City Manager noted there would be a decrease in service.

Mayor Johnson stated the mid-year budget report would be brought to Council in February and the issue would be dealt with again.

REGULAR AGENDA ITEMS

(09-017) Public Hearing on Housing and Community Development needs for Community Block Grant Fiscal Year 2009-2010 Annual Plan.
Continued to January 20, 2009.

ORAL COMMUNICATIONS, NON-AGENDA

(09-018) Bill Smith, Alameda, discussed energy.

COUNCIL REFERRALS

None.

COUNCIL COMMUNICATIONS

(09-019) Consideration of Mayor's nominations for appointment to the Historical Advisory Board and Youth Commission.

Mayor Johnson nominated Donna Talbot to the Historical Advisory Board and Ellen Hui to the Youth Commission.

(09-020) Councilmember Matarrese stated there was a Council Referral to have the Youth Commission look at reducing traffic congestion around schools last year; the Youth Commission sent him a letter with its results; that he would provide the letter to the City Manager; the Transportation Commission should review the letter to determine if any of the suggestions could be implemented; it was quite well done and should be shared with the Council.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the Regular Meeting at 11:41 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -JANUARY 6, 2009- -6:00 P.M.

Mayor/Chair Johnson convened the Special Joint meeting at 6:15 p.m.

Roll Call - Present: Councilmembers/Commissioners deHaan,
Gilmore, Matarrese, Tam and Mayor/Chair
Johnson - 5.

Absent: None.

The Special Joint Meeting was adjourned to Closed Session to consider:

(09-01 CIC) Conference with Real Property Negotiators; Property: 1435 Webster Street; Negotiating parties: Community Improvement Commission and Farrar Family Trust; Under negotiation: Price and terms.

(09-001 CC) Conference with Legal Counsel - Anticipated Litigation; Initiation of litigation pursuant to subdivision (c) of Section 54956.9; Number of cases: Two.

(09-002 CC) Public Employee Performance Evaluation; Title: City Manager.

Following the Closed Session, the Special Joint Meeting was reconvened and Mayor/Chair Johnson announced that regarding Real Property, the Commission provided negotiating direction to its Real Property Negotiators; regarding Anticipated Litigation, direction was provided to Legal Counsel regarding litigation strategy on two separate matters of anticipated litigation.

Mayor/Chair Johnson called a recess at 8:00 p.m. and reconvened the Special Joint Meeting at 11:43 p.m.

Mayor Johnson announced that regarding the Performance Evaluation, Council reviewed the City Manager's performance; direction was provided to the City Manager.

Adjournment

There being no further business, Mayor/Chair Johnson adjourned the Special Joint Meeting at 12:20 a.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL COMMUNITY IMPROVEMENT COMMISSION MEETING
TUESDAY- -JANUARY 6, 2009- -7:31 P.M.

Chair Johnson convened the Special Meeting at 8:08 p.m.

ROLL CALL - Present: Commissioners deHaan, Gilmore, Matarrese, Tam and Chair Johnson - 5.

Absent: None.

MINUTES

(09-02) Minutes of the Special Joint City Council, Alameda Reuse and Redevelopment Authority and CIC Meetings held on December 16, 2008. Approved.

Commissioner deHaan moved approval of the minutes.

Commissioner Matarrese seconded the motion, which carried by unanimous voice vote - 5.

AGENDA ITEM

(09-03) Recommendation to maintain the current façade of the northern elevation of the Civic Center parking garage and re-allocate funds to other redevelopment priorities, including improvement of the appearance of the Bill Chun Service Station.

The Redevelopment Manager gave a brief presentation.

Commissioner deHaan inquired how much of the planting area is within the City's jurisdiction.

The Redevelopment Manager responded the entire area; stated the area is narrow; trees are not a viable option; the City would need to acquire some of Long's property to plant trees; Long's uses the area for delivery.

Commissioner deHaan inquired whether drainage is an issue, to which the Redevelopment Manager responded in the negative.

Commissioner deHaan inquired whether the Redevelopment Manager reviewed the letter from Jennifer Bowles.

The Redevelopment Manager responded in the affirmative; stated Ms. Bowles expressed concerns regarding bamboo; the Architect noted a number of examples where bamboo has worked in the Bay Area.

Commissioner deHaan stated bamboo is the least expensive option but requires maintenance.

The Redevelopment Manager stated bamboo is very difficult to remove.

Chair Johnson stated various options have been presented; inquired whether an option could be to reallocate the money to other façade programs, including the Chun property.

The Redevelopment Manager responded the money could be reallocated to other CIC redevelopment priorities, including the Chun property.

Chair Johnson stated fixing the Chun property is important because a lot of money has been spent in the area; the owners are committing to spend \$200,000.

The Redevelopment Manager stated the owners want to remediate before selling the site; plans include removing the chain link fence, repainting, and improving the interior; planters would be installed; the Park Street Business Association (PSBA) has agreed to maintain the planters.

Chair Johnson inquired whether benches would be allowed.

The Redevelopment Manager responded benches would be a liability during remediation.

Commissioner Tam requested clarification on improvement costs for the Chun property.

The Redevelopment Manager stated costs are approximately \$75,000 to \$110,000.

Commissioner Tam inquired whether options include the northern façade landscaping and esthetic improvements to the Chun property, to which the Redevelopment Manager responded in the affirmative.

Speakers: Christopher Buckley, Alameda (submitted letter); Richard Rutter, Alameda (submitted photo); and Robb Ratto, Park Street Business Association.

Chair Johnson inquired whether staff is requesting funding re-allocation in general, not for specific projects.

The Redevelopment Manager responded staff is requesting funding re-allocation for the Chun property; stated other funds would be

allocated on an as-needed basis.

Commissioner Matarrese moved approval of re-allocating funds for the Chun property and reprogramming remaining funds to projects that would provide an immediate return.

Commissioner Gilmore seconded the motion.

Under discussion, Commissioner deHaan stated that he supports planting vines.

Commissioner Gilmore stated planting could always be an option in the future; moving an economic project forward is important.

Commissioner deHaan stated planting would be an inexpensive option; the problem would be future maintenance.

Chair Johnson inquired whether the façade grant program still has funding, to which the Redevelopment Manager responded in the negative.

Chair Johnson inquired whether remaining the remaining funds could be used for the façade grant program.

The Development Services Director responded the City had a couple of substantial façade improvement projects; stated that she would not advocate using the remaining money [for the façade program] because prevailing wages do not go very far; the program has been funded with loans that have been repaid and other revenue sources which are not restricted by prevailing wages.

Commissioner Tam stated that she concurs with Commissioner deHaan; times are tight, but the funds have been contemplated and dedicated for theatre and garage improvements; a promise has been made; spending money on vegetation is a minimal cost; that she is grateful that the Chun property owners and staff reached an agreement; thanked PSBA for offering to provide planters and maintenance; that she is supportive of doing both [planting and Chun improvements].

Chair Johnson stated planting can be done later; no commitment has been made to the community; spending needs to be prioritized; high priority projects need to be addressed.

Commissioner Matarrese stated planting options can be made in the future; adding Cyprus trees into the mix should come back for discussion.

Commissioner Tam stated northern elevation improvements were value engineered out; improvements are expected; plants are functional and remove toxins; that she does not support the motion.

Commissioner deHaan stated the strip needs covering; maintenance is an issue.

On the call for the question, the motion carried by the following voice vote: Ayes: Commissioners Gilmore, Matarrese and Chair Johnson - 3. Noes: Commissioners deHaan and Tam - 2.

ADJOURNMENT

There being no further business, Chair Johnson adjourned the Special Meeting at 8:37 p.m.

Respectfully submitted,

Lara Weisiger
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.